

**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 10/24/06

AGENDA ITEM 7

WORK SESSION ITEM \_\_\_\_\_

**TO:** Mayor and City Council

**FROM:** City Manager

**SUBJECT:** Proposition 1B and 1C

**RECOMMENDATION:**

It is recommended that the City Council adopt the attached resolution in support of Propositions 1B and 1C on the November 7, 2006 ballot.

**DISCUSSION:**

This item appears on the agenda at the request of Councilmember Kevin Dowling.

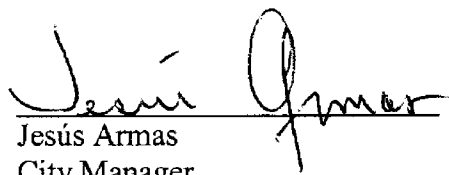
This November, voters will be asked to consider two propositions which, if approved, will provide funding to address various transportation issues and housing needs throughout the state.

Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, will authorize the sale of bonds totaling nearly \$20 billion to address various traffic congestion problems affecting the state. The vast majority of the bonds (slightly more than \$11 billion) are earmarked for congestion relief and highway and local road improvements. In addition, \$4 billion is earmarked for public transportation, \$3.2 billion for goods movement and air quality, and \$1.5 billion for various safety and security measures at ports, and rail operations. If adopted, \$1 billion will be earmarked for cities, and another \$1 billion for counties. If approved by the voters, Hayward is expected to receive an infusion of \$4.6 million to address local traffic problems.

Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, will authorize the sale of bond approximating \$2.9 billion for various housing purposes. Of this amount, \$1.35 billion is earmarked for the development of new affordable housing, \$625 million is to support home ownership efforts, \$590 million is to focus on the construction and renovation of rental housing stock, and \$285 million is to support housing for farmworkers, and the homeless, among others. In 2002, voters approved \$2.1 billion in bond measures for housing purposes. Most of the funds from that proposition have been committed to specific projects.

Approval of the propositions by the voters will present an opportunity to provide funding to address critical transportation and housing matters. For this reason, adoption of the attached resolution is recommended.

Accompanying this staff report are pertinent excerpts from the voter information pamphlet regarding both measures, both including the pro and con arguments for these measures.

  
Jesús Armas  
City Manager

Attachment

# HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006.

## OFFICIAL TITLE AND SUMMARY ★ ★ ★

Prepared by the Attorney General

1B

### HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006.

- Makes safety improvements and repairs to state highways; upgrades freeways to reduce congestion; repairs local streets and roads; upgrades highways along major transportation corridors.
- Improves seismic safety of local bridges.
- Expands public transit.
- Helps complete the state's network of car pool lanes.
- Reduces air pollution.
- Improves anti-terrorism security at shipping ports.
- Provides for a bond issue not to exceed nineteen billion nine hundred twenty-five million dollars (\$19,925,000,000).
- Appropriates money from the General Fund to pay off bonds.

#### Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- State costs of about \$38.9 billion over 30 years to pay off both the principal (\$19.9 billion) and interest (\$19.0 billion) costs of the bonds. Payments of about \$1.3 billion per year.
- Additional unknown state and local government costs to operate and maintain transportation infrastructure (such as roads, bridges, and buses and railcars) funded with bonds. A portion of these costs would be offset by revenues generated by the improvements, such as fares and tolls.

#### FINAL VOTES CAST BY THE LEGISLATURE ON SB 1266 (PROPOSITION 1B)

Senate:	Ayes 37	Noes 1
Assembly:	Ayes 61	Noes 10

#### ANALYSIS BY THE LEGISLATIVE ANALYST

##### BACKGROUND

California spends about \$20 billion a year from a combination of state, federal, and local funds to maintain, operate, and improve its highways, streets and roads, passenger rail, and transit systems. These expenditures are primarily funded on a pay-as-you-go basis from taxes and user fees.

There are two primary state tax sources that fund state transportation programs. First, the state's 18 cent per gallon excise tax on gasoline and diesel fuel (generally referred to as the gas tax) generates about \$3.4 billion annually. Second, revenues from the state sales tax on gasoline and diesel fuel currently provide about \$2 billion a year. Additionally, the state imposes weight fees on commercial vehicles

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

(trucks), which generate roughly \$900 million a year. Generally, these revenues must be used for specific transportation purposes, including improvements to highways, streets and roads, passenger rail, and transit systems. These funds may also be used to mitigate the environmental impacts of various transportation projects. Under specified conditions, these revenues may be loaned or used for nontransportation uses.

Since 1990, voters have approved roughly \$5 billion in state general obligation bonds to fund transportation. These bond proceeds have been dedicated primarily to passenger rail and transit improvements, as well as to retrofit highways and bridges for earthquake safety. As of June 2006, all but about \$355 million of the authorized bonds have been spent on projects.

In addition to state funds, California's transportation system receives federal and local money. The state receives about \$4.5 billion a year in federal gasoline and diesel fuel tax revenues for various transportation purposes. Collectively, local governments invest roughly \$9.5 billion annually into California's highways, streets and roads, passenger rail, and transit systems. This funding comes mainly from a mix of local sales and property taxes, as well as transit fares. Local governments have also issued bonds backed mainly by local sales tax revenues to fund transportation projects.

## PROPOSAL

This measure authorizes the state to sell about \$20 billion of general obligation bonds to fund transportation projects to relieve congestion, improve the movement of goods, improve air quality, and enhance the safety and security of the transportation system. (See "An Overview of State Bond Debt" on page 96 for basic information on state general obligation bonds.)

Figure 1 (see next page) summarizes the purposes for which the bond money would be used. The bond money would be available for expenditure by various state agencies and for grants to local agencies and transit operators upon appropriation by the Legislature:

- **Congestion Reduction, Highway and Local Road Improvements**—\$11.3 billion—for capital improvements to reduce congestion and increase capacity on state highways, local roads, and public transit for grants available to locally funded transportation projects, as well as for projects to rehabilitate state highways and local roads.
- **Public Transportation**—\$4 billion—to make capital improvements to local transit services and the state's intercity rail service. These improvements would include purchasing buses and railcars, as well as making safety enhancements to existing transit facilities.
- **Goods Movement and Air Quality**—\$3.2 billion—for projects to improve the movement of goods—through the ports, on the state highway and rail systems, and between California and Mexico—and for projects to improve air quality by reducing emissions related to goods movement and replacing or retrofitting school buses.
- **Safety and Security**—\$1.5 billion—for projects to increase protection against a security threat or improve disaster response capabilities on transit systems; as well as for grants to improve the safety of rail crossings to seismically retrofit local bridges, ramps, and overpasses; and to improve security and disaster planning in publicly owned ports, harbors, and ferry terminals.

## FISCAL EFFECTS

**Bond Costs.** The costs of these bonds would depend on interest rates in effect at the time they are sold and the time period over which they are repaid. The state would likely make principal and

**1B**

PROP HIGHWAY SAFETY, TRAFFIC REDUCTION,  
**1B** AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006.

ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

**1B**

**FIGURE 1**

**Proposition 1B: Uses of Bond Funds**

	<b>Amount (In Millions)</b>
<b>Congestion Reduction, Highway and Local Road Improvements</b>	<b>\$11,250</b>
Reduce congestion on state highways and major access routes	\$4,500
Increase highways, roads, and transit capacity	2,000
Improve local roads	2,000
Enhance State Route 99 capacity, safety, and operations	1,000
Provide grants for locally funded transportation projects	1,000
Rehabilitate and improve operation of state highways and local roads	750
<b>Public Transportation</b>	<b>\$4,000</b>
Improve local rail and transit services, including purchasing vehicles and right of way	\$3,600
Improve intercity rail, including purchasing railcars and locomotives	400
<b>Goods Movement and Air Quality</b>	<b>\$3,200</b>
Improve movement of goods on state highways and rail system, and in ports	\$2,000
Reduce emissions from goods movement activities	1,000
Retrofit and replace school buses	200
<b>Safety and Security</b>	<b>\$1,475</b>
Improve security and facilitate disaster response of transit systems	\$1,000
Provide grants to improve railroad crossing safety	250
Provide grants to seismically retrofit local bridges and overpasses	125
Provide grants to improve security and disaster planning in publicly owned ports, harbors, and ferry facilities	100
<b>Total</b>	<b>\$19,925</b>

HIGHWAY SAFETY, TRAFFIC REDUCTION, PROP  
AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006. **1B**

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★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

interest payments from the state's General Fund over a period of about 30 years. If the bonds are sold at an average interest rate of 5 percent, the cost would be about \$38.9 billion to pay off both the principal (\$19.9 billion) and interest (\$19.0 billion). The average repayment for principal and interest would be about \$1.3 billion per year.

**Operational Costs.** The state and local governments that construct or improve transportation infrastructure with these bond funds (by, for example, building roads and bridges or purchasing buses or railcars) will incur unknown additional costs to operate and maintain them. A portion of these costs would be offset by revenues generated by the improvements, such as transit fares and tolls.

**1B**

PROP HIGHWAY SAFETY, TRAFFIC REDUCTION,  
**1B** AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006. ★ ★ ★

**ARGUMENT IN FAVOR OF PROPOSITION 1B**

**1B**

**YES ON PROPOSITION 1B: BUILD NEW ROADS AND HIGHWAYS NOW**

California has the most congested highways in the nation—we spend 500,000 hours stuck in traffic every day. It's clear that the time to rebuild California's roads, highways, and transportation systems is now.

Proposition 1B puts backlogged transportation projects on the fast track, reducing congestion and improving highway safety.

While Prop. 1A protects the gas tax funds we already pay at the pump, Prop. 1B is just as important because it provides funding now to jump-start repairs of our aging highways and to start building the transportation projects we know we'll need in the future.

**YES ON 1B IMPROVES SAFETY, REDUCES CONGESTION, AND EXPANDS PUBLIC TRANSPORTATION**

Proposition 1B will fund projects in every corner of the state. Prop. 1B invests in:

- Making safety improvements to the most dangerous highways and corridors
- Reducing congestion and travel delays
- Adding more lanes to congested highways
- Fixing local streets, roads, and intersections
- Building and expanding public transportation
- Making bridges seismically safe
- Expanding carpool lanes
- Providing matching funds for communities that have approved local transportation measures

**YES ON 1B WILL REDUCE AIR POLLUTION AND IMPROVE AIR QUALITY**

Prop. 1B includes funding to reduce air pollution by replacing old polluting school buses, expanding mass transit, and expanding carpool and HOV lanes. And, by reducing congestion on our freeways and roads, Prop. 1B will also

help reduce car emissions—one of the leading sources of air pollution.

**YES ON 1B: STRICT ACCOUNTABILITY AND NO NEW TAXES**

- Prop. 1B includes important accountability measures like annual audits and reports to ensure funds are spent on intended projects.
- Prop. 1B lets us begin building roads now and pay for them as we use them—with current tax revenues and without raising taxes. It is like a mortgage on a house that lets you live in your home while you pay for it.

**YES ON 1B: PART OF A LONG-TERM PLAN TO REBUILD CALIFORNIA**

Proposition 1B is part of the Rebuild California Plan, which uses the taxes we're already paying to build the roads, housing, schools, and water systems we need to sustain our economy and our quality of life for the long term.

REBUILD CALIFORNIA: YES ON 1A, 1B, 1C, 1D, and 1E

California's population will reach 50 million in the next 20 years—twice what our current infrastructure was designed for—and it can't be rebuilt overnight. That's why we've got to start now.

To learn more about how this infrastructure plan will benefit you and your community, visit [www.ReadForYourself.org](http://www.ReadForYourself.org).

**YES ON 1B: SAFER ROADS, LESS POLLUTION, AND REDUCED TRAFFIC CONGESTION**

**MARIAN BERGESON**, Chair  
California Transportation Commission

**ALAN C. LLOYD**, Former Chair  
California Air Resources Board

**ALLAN ZAREMBERG**, President  
California Chamber of Commerce

**REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 1B**

We've all heard, "some things are too good to be true." The argument in support of Proposition 1B is clearly one of those times.

Instead of envisioning a home mortgage being paid for while you live in it, as the proponents would have you imagine, envision instead drowning in a sea of credit card debt. That's where California is headed.

We all want better roads and less traffic congestion. However, if the Legislature turned its attention to streamlining construction projects and easing overburdensome regulations, we wouldn't need to borrow billions of dollars. Instead, we would use an annual portion of our general fund tax dollars with limited borrowing to complete these projects. This balanced approach would significantly reduce our need to borrow billions of dollars.

What about accountability and audits?

When was the last time an audit of state government spending showed that its programs were cost effective and timely? Quite the opposite is true. A well thought out plan for our transportation needs is the only sensible way to improve California's roadways. A hastily developed bond, with "after the fact" oversight, containing billions of dollars in borrowing is a recipe for failure.

Make no mistake; a bond is not free money. You will pay for the considerable borrowing with substantial interest. NO on 1B will force the Legislature to develop a responsible bond package by including "pay as you go," environmental permitting reform, design-build efficiencies, and other common sense reforms.

**MICHAEL N. VILLINES**, California State Assemblyman  
29th District

HIGHWAY SAFETY, TRAFFIC REDUCTION, PROP  
★★★ AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006. **1B**

**ARGUMENT AGAINST PROPOSITION 1B**

\$32 billion. That is what our children and grandchildren will pay to settle the debt associated with this bond. All this for funding costly programs at the expense of desperately needed highway construction.

Make no mistake: every Member of the Legislature who voted against this bond measure supports restoring our state's crumbling transportation system. We support dedicating every dollar you pay in gas taxes to our highways. And, we support building for California's future wisely. However, this measure fails to achieve these important goals in a fiscally responsible manner.

Improved transportation is a critical issue for our state, but equally important is that each additional borrowed dollar we spend worsens our budget deficit and could cause significant consequences for hard-working California families.

A fiscally responsible solution would be a "pay as you go" approach to funding much-needed transportation projects. This approach will pay for infrastructure improvements from the general fund (taxes you already pay) and allow California to borrow less money to meet its annual obligations.

By setting aside a portion of the budget each year for infrastructure, we will be able to better meet our state's complex needs and not saddle our children and grandchildren with backbreaking debt.

Of further concern in this measure is the rush to spend our tax dollars. In hastily passing this bond measure, the Legislature failed to include time and cost saving opportunities such as "Design-Build" and environmental permitting reforms that would have streamlined the construction process, completing more projects with the same amount of money. Additionally, within 3 weeks after

voter approval of this measure, the California Transportation Commission is required to "develop and adopt guidelines" to fund all outlined transportation programs and spend billions of your hard-earned tax dollars. Then CALTRANS and your regional and county transportation agencies must submit all potential transportation projects to the California Transportation Commission. Just think: A state government agency must put rules in place to spend billions of dollars in just 3 weeks on projects across California without allowing enough time for public oversight and review. Is this the best way to spend your tax dollars?

*Significant fiscal decisions in Government should not be made without adequate time for due diligence and analysis.*

Governor Schwarzenegger is right; California state government has neglected the transportation needs of our State for three decades and something needs to be done. But let's do this right. Let's go back to the drawing board and find a responsible way to focus on critically needed projects while at the same time developing a financially accountable plan that includes a "pay as you go" element, without any wasteful spending to pay for these important projects.

We should demand that our children and grandchildren have a transportation system that meets the needs of the 21st Century. That's why you need to vote "no" on this bond and force the Legislature to produce a transportation infrastructure plan for our future that is responsible, realistic, and result driven.

**MICHAEL N. VILLINES**, California State Assemblyman  
29th District

**1B**

**REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1B**

Even the opponent agrees we have to start *now* to improve our state's crumbling transportation system, build new roads, and relieve traffic congestion. That's exactly what Proposition 1B will do.

YES ON 1B will finally make our transportation system a priority and provide funds we need to begin addressing the backlog of projects throughout the state to reduce congestion, improve air quality, expand mass transit, make road safety improvements, and repair local streets and roads. The longer we neglect our transportation system, the more costly and serious the problems become. We can't afford to wait any longer.

**PROPOSITION 1B IS FISCALLY RESPONSIBLE**

- 1B contains strict fiscal safeguards to protect taxpayers, like annual audits and public reports to show how and where funds are spent.
- By issuing bonds, Prop. 1B will provide immediate funding to jump-start transportation projects and allow us to pay for them over the next 20 years, with existing state revenues and *without raising taxes*.

- Just like a mortgage on a home, Prop. 1B allows us to improve our transportation system now and pay for it as we use it over the long term.
- That's why THE CALIFORNIA TAXPAYERS' ASSOCIATION SUPPORTS 1B.

Yes on 1B is part of the Rebuild California Plan. Our economic future and our quality of life depend on a reliable transportation system that moves goods and people efficiently.

We've got to start now.

YES on 1B. Build new roads and highways, invest in traffic safety, relieve congestion, and improve mass transit.

**LARRY MCCARTHY**, President  
California Taxpayers' Association

**THOMAS V. MCKERNAN**, President  
Automobile Club of Southern California (AAA)

**MICHAEL BROWN**, Commissioner  
California Highway Patrol



## OFFICIAL TITLE AND SUMMARY ★ ★ ★

Prepared by the Attorney General

## HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2006.

1C

- Funds may be used for the purpose of providing shelters for battered women and their children, clean and safe housing for low-income senior citizens; homeownership assistance for the disabled, military veterans, and working families; and repairs and accessibility improvements to apartment for families and disabled citizens.
- The state shall issue bonds totaling two billion eight hundred fifty million dollars (\$2,850,000,000) paid from existing state funds at an average annual cost of two hundred and four million dollars (\$204,000,000) per year over the 30 year life of the bonds.
- Requires reporting and publication of annual independent audited reports showing use of funds, and limits administration and overhead costs.
- Appropriates money from the General Fund to pay off bonds.

## Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- State cost of about \$6.1 billion over 30 years to pay off both the principal (\$2.85 billion) and interest costs (\$3.3 billion) on the bonds. Payments of about \$204 million per year.

## FINAL VOTES CAST BY THE LEGISLATURE ON SB 1689 (PROPOSITION 1C)

Senate: Ayes 27 Noes 11

Assembly: Ayes 54 Noes 16

## ANALYSIS BY THE LEGISLATIVE ANALYST

## BACKGROUND

About 200,000 houses and apartments are built in California each year. Most of these housing units are built entirely with private dollars. Some units, however, receive subsidies from federal, state, and local governments. For instance, the state provides low-interest loans or grants to developers (private, nonprofit, and governmental) to subsidize housing construction costs. Typically, the housing must be sold or rented to Californians with low incomes. Other state programs provide homebuyers with direct financial assistance to help with the costs of a downpayment.

While the state provides financial assistance through these programs, cities and counties are responsible for the zoning and approval of new housing. In addition, cities, counties, and other local governments are responsible for providing infrastructure-related services to new housing—such as water, sewer, roads, and parks.

In 2002, voters approved Proposition 46, which provided a total of \$2.1 billion of general obligation bonds to fund state housing programs. We estimate that about \$350 million of the Proposition 46 funds will be unspent as of November 1, 2006.

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

**PROPOSAL**

This measure authorizes the state to sell \$2.85 billion of general obligation bonds to fund 13 new and existing housing and development programs. (See “An Overview of State Bond Debt” on page 96 for basic information on state general obligation bonds.) Figure 1 (see next page) describes the programs and the amount of funding that each would receive under the measure. About one-half of the funds would go to existing state housing programs. The development programs, however, are new—with details to be established by the Legislature. The major allocations of the bond proceeds are as follows:

- **Development Programs (\$1.35 Billion).** The measure would fund three new programs aimed at increasing development. Most of the funds would be targeted for development projects in existing urban areas and near public transportation. The programs would provide loans and grants for a wide variety of projects, such as parks, water, sewage, transportation, and housing.
- **Homeownership Programs (\$625 Million).** A number of the programs funded by this measure would encourage homeownership for low- and moderate-income homebuyers. The funds would be used to provide downpayment assistance to homebuyers through low-interest loans or grants. Typically, eligibility for this assistance would be based on the household’s income, the cost of the home being purchased, and whether it is the household’s first home purchase.
- **Multifamily Housing Programs (\$590 Million).** The measure also would fund programs aimed at the construction or renovation of rental housing projects, such as apartment buildings. These programs generally provide local governments, nonprofit organizations, and private developers with low-interest (3 percent) loans to fund part of the construction cost. In exchange, a project

must reserve a portion of its units for low-income households for a period of 55 years. This measure gives funding priority to projects in already developed areas and near existing public services (such as public transportation).

- **Other Housing Programs (\$285 Million).** These funds would be used to provide loans and grants to the developers of homeless shelters and housing for farmworkers. In addition, funds would be allocated to pilot projects aimed at reducing the costs of affordable housing.

The funds would be allocated over a number of years. The measure provides the Legislature broad authority to make future changes to these programs to ensure their effectiveness.

**FISCAL EFFECT**

**Bond Costs.** The cost to pay off these bonds would depend primarily on the following two factors:

- **Payment Period.** The state would likely make principal and interest payments on the bonds from the state’s General Fund over a period of about 30 years.
- **Interest Rate.** Usually, the interest on bonds issued is exempt from both state and federal taxes because the bonds are for public purposes. This results in lower debt service payments for the state. Some programs proposed by this measure, however, would not be eligible for the federal tax exemption—resulting in a higher interest rate. This is because the housing programs provide funds for private purposes. (We estimate this would be the case for about 60 percent of the bonds.)

If the federally taxable bonds were sold at an average rate of 6.5 percent and the remaining bonds at an average rate of 5 percent, the cost to the state would be about \$6.1 billion to pay off both the principal (\$2.85 billion) and the interest

PROP HOUSING AND EMERGENCY SHELTER  
**1C** TRUST FUND ACT OF 2006.

ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

**FIGURE 1**

**Proposition 1C: Uses of Bond Funds**

		Amount (In Millions)
<b>Development Programs</b>		
Development in urban areas <sup>a</sup>	Grants for various projects—including parks, water, sewer, transportation, and environmental cleanup—to facilitate urban “infill” development.	\$850
Development near public transportation <sup>a</sup>	Grants and loans to local governments and developers to encourage more dense development near public transportation.	300
Parks <sup>a</sup>	Grant funding for parks throughout the state.	200
		<b>\$1,350</b>
<b>Homeownership Programs</b>		
Low-income households	Variety of homeownership programs for low-income households.	\$290
Downpayment assistance	Deferred low-interest loans up to 6 percent of home purchase price for first-time low- or moderate-income homebuyers.	200
Local governments	Grants to local governments which reduce barriers to affordable housing. Funds would be used for homebuyer assistance.	125
Self-help construction	Grants to organizations which assist low- or moderate-income households in building or renovating their own homes.	10
		<b>\$625</b>
<b>Multifamily Housing Programs</b>		
Multifamily housing	Low-interest loans for housing developments for low-income renters.	\$345
Supportive housing	Low-interest loans for housing projects which also provide health and social services to low-income renters.	195
Homeless youth	Low-interest loans for housing projects which provide housing for homeless young people.	50
		<b>\$590</b>
<b>Other Housing Programs</b>		
Farmworker housing	Low-interest loans and grants for developing housing for farmworkers.	\$135
Pilot programs <sup>a</sup>	Grants and loans for pilot projects to develop housing at reduced costs.	100
Homeless shelters	Grants for developing homeless shelters.	50
		<b>\$285</b>
<b>Total</b>		<b>\$2,850</b>

<sup>a</sup>New program.

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★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

(\$3.3 billion). The average payment would be about \$204 million each year.

*Administrative Costs.* The Department of Housing and Community Development and the California Housing Finance Agency would experience increased costs to administer the

various housing and urban development programs. A portion of the programs' allocations—probably between \$100 million and \$150 million of the total bond funds—would be used to pay these administrative costs over time.

1C

PROP HOUSING AND EMERGENCY SHELTER  
**1C** TRUST FUND ACT OF 2006. ★ ★ ★

**ARGUMENT IN FAVOR OF PROPOSITION 1C**

**1C** YES on Proposition 1C will provide emergency shelters for battered women, affordable homes for seniors and low-income families, and shelters with social services for homeless families with kids. That is why Habitat for Humanity, AARP, and California Partnership to End Domestic Violence strongly urge you to vote YES on Proposition 1C.

Importantly, this measure will be funded out of existing state resources without raising taxes.

Many of our communities face severe problems of housing affordability, homelessness, and domestic violence. Over 360,000 Californians are homeless every night.

Last year, 5,108 women and children were turned away from domestic violence shelters because they were full. Housing affordability for working families in California is at historic lows.

Safe shelter is fundamental to a decent life. YES on Proposition 1C will:

- Expand the number of shelter beds for battered women and homeless families with children.
- Provide housing for homeless foster youths.
- Make security improvements and repairs to existing shelters.
- Provide clean and safe homes for senior citizens and low-income families.

Additionally, Proposition 1C helps working families afford homes and provides accessibility improvements to apartments for disabled Californians.

Proposition 1C also creates 87,000 jobs and helps improve the state's economy.

**Allows Seniors to Live Independently:** This measure allows seniors to live at home without the fear of being institutionalized in a nursing home.

**Helps Battered Women:** "Most cities in California don't have adequate shelters for women and children who have been beaten and abused. Proposition 1C begins to fix this bad situation." —California State Sheriffs Association

**Independent Audits and Accountability:**

"This measure requires independent audits, limits administrative expenses, and contains strict accountability provisions to ensure the funds are used as promised." —California Chamber of Commerce

**Helps Foster Youth:** "Tragically, 65% of foster youth are homeless on the day they leave foster care. Proposition 1C will help them find stable homes." —Homes 4 California

**Critical Need for Housing and Emergency Shelters:**

"Proposition 1C provides shelter for those who need help the most—battered women, homeless families with children, and disabled seniors." —Habitat for Humanity, Sacramento

**Yes on 1C: Part of a Long-Term Plan to Rebuild California**

Proposition 1C is part of the Rebuild California Plan, which uses the taxes we're already paying to build the roads, housing, schools, and water systems we need to sustain our economy and our quality of life for the long term. Please support the long-term plan to rebuild California by voting Yes on 1A, 1B, 1C, 1D, and 1E.

To learn more about how this plan will benefit you and your community, visit [www.ReadForYourself.org](http://www.ReadForYourself.org).

Proposition 1C provides shelters for our most vulnerable Californians: the elderly, disabled, homeless families, battered women and children. Please vote Yes on 1C for emergency shelter and housing relief without raising taxes.

**CHERYL KEENAN**, Executive Director  
San Diego Habitat for Humanity

**MARIVIC MABANAG**, Executive Director  
California Partnership to End Domestic Violence

**TOM PORTER**, State Director  
AARP

**REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 1C**

Proposition 1C is fiscally irresponsible. 1C grows bureaucracy with almost \$3 billion in borrowed money, burdening everyone with debt to benefit a small number of people selected by government, including financially eligible illegal immigrants.

In their "yes" argument, 1C's backers claim the bond would be "funded out of existing state resources without raising taxes." Sadly, there is no such thing as free money.

When California sells bonds, what is really happening is that the state is going into debt in your name. This debt gets repaid at about two dollars of principal and interest for every dollar borrowed.

Debt repayment has the top priority in government spending. So, money spent to repay bonds means budget cuts for education, roads, Medi-Cal, levee repair, prisons, and water projects. Or, even less money for tax cuts.

*More debt = less money for priorities. And, less money for priorities = pressure to raise taxes on all Californians.*

Debt should be used sparingly to build long lasting projects such as roads, bridges, dams, schools, and universities.

Builders build homes, not government. Fees, regulations, and government interference make homes unaffordable in California. Freeing builders to build is the best affordable housing program—and, it costs nothing!

Adding more debt to our state's credit card hurts ALL Californians. Proposition 1C would add \$600 of debt and interest payment obligations on every California family of four. That's \$600 that could be returned to the people in lower taxes, or spent on roads and schools.

Be responsible: vote "no."

**ASSEMBLYMAN CHUCK DeVORE**, Member  
Assembly Budget Committee

**BILL LEONARD**, Member  
California State Board of Equalization

**MIKE SPENCE**, President  
California Taxpayer Protection Committee

## ARGUMENT AGAINST PROPOSITION 1C

Proposition 1C would add almost \$3 billion in new government *debt* and expand bureaucracy, but it won't make housing affordable in California.

Sacramento politicians placed Proposition 1C on the ballot at *3 in the morning*. Why did they vote in the middle of the night with *little debate and no oversight*? What were they trying to hide?

Proposition 1C won't make housing more affordable for the average Californian. What it will do is grow government and force the average California family of four to pay over \$600 in debt and interest while **INCREASING PRESSURE TO RAISE TAXES**.

What will \$2.85 billion of new government borrowing buy? In a state of 37 million people with over 12.2 million housing units, *not even a drop in the bucket*. Instead, Proposition 1C will empower bureaucrats to dispense cash to a select few who meet the government rules and are lucky enough to be chosen to get the money borrowed in your name.

It's true that only 14 percent of families in California can now afford the median-priced home. But, government itself is to blame for this problem. More than half the cost of a home or apartment rent in California is due to high taxes, overregulation, environmental lawsuits, fees, and government interference in the free market—all of which doubles the high cost of housing.

So, what do the politicians propose? Their solution: another government program that allows affordable housing

only for the *lucky few who can get their hands on your money*.

The true way to make housing affordable again in California is to allow builders to build homes and condominiums and apartments and then allow people to pay to live in them—without the government telling everyone what to do and how to do it.

Instead, the text of Proposition 1C reads like the failed government housing programs of the past, with references to, "target population," "Housing Finance Committee," "supportive housing," "operating subsidies," and "pilot programs." Along with millions of dollars for bureaucracy and even *\$400 million for parks that house no one at all!*

One last reason to vote "no" on Proposition 1C: *we can't afford more debt*. For every dollar we borrow, we and our children will have to repay that dollar plus a dollar in interest costs. That means the average California family will have to pay more than \$600 in additional taxes over the life of this bond, half of which will be to pay the roughly \$3 billion in interest fees alone.

*Vote "no" on Proposition 1C. We can't afford it, and it won't make housing more affordable in California.*

For more information, please visit Assemblyman Chuck DeVore's website at: [www.NoProp1C.com](http://www.NoProp1C.com) or email him at [NoProp1C@aol.com](mailto:NoProp1C@aol.com).

**ASSEMBLYMAN CHUCK DEVORE**, Member  
California State Assembly

1C

## REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1C

Yes on Proposition 1C makes shelters and homes available to battered women, seniors, homeless children, low-income families, and former foster youths. It won't solve all of these problems overnight, but it is an important step forward.

Proposition 1C will not raise taxes. The measure will be paid for out of existing state resources. Just as important, Proposition 1C requires independent audits to protect taxpayers and ensure shelters and homes are built as promised.

This measure is the result of years of planning by experts in the problems of homelessness and domestic violence, as well as the housing crisis facing the elderly, families with children, people with mental illness, and veterans.

That is why leading California organizations have endorsed Proposition 1C, including:

Habitat for Humanity, San Diego, Greater Los Angeles,  
and Sacramento

AARP

Congress of California Seniors

California Partnership to End Domestic Violence

California Chamber of Commerce

Orange County Business Council  
League of Women Voters  
Foster Youth Alliance  
Vietnam Veterans of California

Proposition 1C is a fiscally responsible part of the Rebuild California Plan, a long-term plan to build the roads, housing, schools, and flood-control systems we need for California's future.

Yes on Proposition 1C addresses problems we can't afford to ignore. It will provide clean and safe accommodations for seniors, shelters for homeless families, and secure homes for battered women. Please help California take a positive step forward by voting Yes on Proposition 1C.

**HANK LACAYO**, President  
Congress of California Seniors

**PETER CAMERON**, President  
Vietnam Veterans of California

**MARIVIC MABANAG**, Executive Director  
California Partnership to End Domestic Violence

**DRAFT**

**HAYWARD CITY COUNCIL**

**RESOLUTION NO. \_\_\_\_\_**

**Introduced by Council Member \_\_\_\_\_**

**A RESOLUTION SUPPORTING PROPOSITIONS 1B  
AND 1C ON THE NOVEMBER 2006 BALLOT**

WHEREAS, the City of Hayward is responsible for building and maintaining infrastructure that is essential to the economic and social well-being of the residents and businesses of this city; and

WHEREAS, the California State Legislature passed a \$23-billion package of fiscal and bond measures to provide funding to address transportation and housing needs; and

WHEREAS, these measures, titled Propositions 1B and 1C by the Secretary of State, are on the November 2006 ballot for voter approval; and

WHEREAS, Proposition 1B will provide \$19.925 billion for various transportation projects to rebuild California, of which \$1 billion will go to cities and \$1 billion to counties for local streets and roads improvement projects; and

WHEREAS, Proposition 1C will provide \$2.8 billion for various housing programs, including financial support for infrastructure improvements, parks and development near public transportation; and

WHEREAS, the League of California Cities is in strong support of Propositions 1B and 1C, among others, and views this package of measures as providing critically needed resources for California Cities;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HAYWARD that the City hereby expresses its support for Propositions 1B and 1C on the November 2006 statewide ballot.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2006

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AST TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward